

'For Sale by Owner' Is Very Tempting, But Will It Work?

**By Jim Smith
Real Estate Counselor**

Many Realtors (not myself) specialize in listing homes that are "For Sale by Owner" (or FSBO, pronounced FizzBo). Indeed the vast majority of homes initially marketed as FSBO's end up being listed with a Realtor. Statistically, less than 10% of those homes which remain as FSBO's end up selling.

What are some of the reasons that Realtors give to homeowners to convince them to list?

1) Listing on the MLS. Most buyers work with Realtors — and why wouldn't they, since they don't pay their agent's commission? (The 2.8% commission which the buyer's agent receives is paid out of the listing agent's commission.) These agents will help their clients buy a FSBO if they stumble across it, but they look for likely homes on the MLS. If your house isn't listed with a Realtor, it can't be on the MLS.

Even if you manage to sell your house without listing it, you'll probably sell it to someone who has an agent representing him, and, like most FSBOs, you'll agree to pay 2.8% to that agent. Thus, you end up paying for the buyer to have professional representation, but you yourself don't have equivalent representation in the transaction. Hmmm.

2) Pre-Screened Buyers. No Realtor worth his salt will spend time showing homes to people who are not serious buyers and pre-qualified with a lender. When you sell your house yourself, you waste a lot of time showing your house to people who may have neither the money nor the motivation to buy.

3) Time on Market. Without

being listed, your house will naturally take longer to sell, because it is exposed to that many fewer prospective buyers. Of course, you could also sell it on the first day that you put the sign in the ground, and it is that fluke chance that inspires people to keep trying



this approach — and to play PowerBall. I saw a sign this weekend, "Open Sunday 10-8." Are we having fun yet?

4) Consummating the Sale. Let's say you actually find a willing buyer.

Where are you going to get the legal forms and the advice to complete your transaction safely?

In our highly litigious society, you need to cross your t's and dot your i's, and you can end up in serious trouble if you don't. Just as a small example, if your home was built prior to 1978, you must provide a "Lead-Based Paint Disclosure" to the buyer. Failure to provide this disclosure could subject you to a \$10,000 fine.

And there are other forms that you must provide, such as Mold Disclosure, if only to protect you from a lawsuit later on by a buyer who, say, discovers toxic mold in the crawl space and can win a case against you solely because you didn't tell him that he should get a mold inspection done.

Realtors not only know about these things, but they have state-mandated "errors & omissions" insurance policies to cover them and you, their client, in case they slip up.

Remember, finding the buyer for your house is less than half of the job for which you hire a Realtor. I have a longer article on this topic that I can mail or email you if you'd like to read it. My contact information is below.

This Week's Featured Listing

Price Reduced — Now Only \$609,900!

- ◆ 4 Bedrooms, 4 Bathrooms
- ◆ 3,471 sq. ft. + 1,032 sq. ft. Unfinished Basement
- ◆ Oversized 5-Car Garage
- ◆ Vaulted Ceilings, Open Plan
- ◆ Large Wrap-Around Deck
- ◆ Located in Mountain Ridge
- ◆ Backs to Mountainside
- ◆ Upgrades Galore — Granite Slab Counters, Steam Shower, Window Coverings, Custom Awning



388 Mesa View Way, Golden



Jim Smith
303-525-1851
www.JimSmithRealtor.com



**Call Jim Smith to See This or Any Other Home—
And Call Him to Feature Your House Here Next Week!**